



# Glossary of Budget Terms

**Allocable Revenue** – Revenue earned, collected, and used by the agency responsible for generating the revenue.

**Appropriated Revenue** – Revenue collected by an agency on behalf of the District Treasury; such revenue is used to support the operations of all agencies.

**Amendment** – A proposed change to a budget that is not yet finally approved, but has been formally submitted by the executive to the legislative branch.

**Annualization** – A budget increase to provide full-year budget authority for a budgetary item that was only partially funded in the prior-year budget.

**Appropriation** – Authority to spend funds appropriated by Congress and financed by general District Revenues.

**Attrition** – Voluntary employment losses, such as retirements and resignations.

**Budget Authority** – Authority provided by law to enter into obligations that will result in expenditures. It may be classified by the period of availability (one-year, multiple-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite).

**Budget Category** – An operating budget expenditure classification: either personal services (PS) or nonpersonal services (NPS).

**Budget Establishment** – The period immediately preceding the beginning of the budget fiscal year during which final revenue budgets, intra-District budgets, and expenditure budgets are prepared and entered into the formal accounting records of the District.

**Budget Modification** – A change in any portion of the budget during the fiscal year.

**Budget Preparation** – The budget planning and development process from the initial budget call, up to and including final approval by Congress.

**Budget Reserve** – Funds that are earmarked for special purposes to protect the District against shortfalls in revenue and unforeseen expenditures.

**Capital Improvements Program** – A plan for initiating the development, modernization, or replacement of District-owned facilities during a six-year period. As annually revised, this plan provides the basis for future-year capital budget requests.

**Continuing Full-Time (CFT) Positions** – Full-time positions that the District has authority to fill under its congressional appropriation. Although these are "authorized" positions, some CFT positions may not be filled because of funding constraints.

**Control Center** – The basic unit of budgetary and financial control in the District's financial management system. Each District agency is composed of one or more control centers that serve as the major subparts of the agency's budget.

**Current Services Budget** – An estimate of the funds needed to continue existing levels of service in the next fiscal year.

**Encumbrance** – A reservation of funds to buy goods and services.

**Energy, Rent, and Communications** – The name of the object class used to allocate funds for those needs.

**Enterprise Funds** – Budget and accounting units created for particular purposes, such as water and sewer or other self-sustaining operations, to separate the revenue and financial control of such operations from the District's General Fund.

**Expenditure** – A payment for goods or services received.

**Equipment and Equipment Rental** – The name of the object class used to allocate funds for such needs.

**Federal Funds** – Funding provided by the federal government to support various federally established programs such as Medicaid and welfare. These funds are earmarked for a particular purpose or program and cannot be re-allocated to fund other programs.

**Fringe Benefits** – Part of overall employee compensation, including life and health insurance and retirement and social security contributions.

**Full-Time Equivalent (FTE)** – An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers, to an equivalent number of work years.

**Fund** – A budgeting and accounting device used to establish accounts for separating revenues and their related obligations, and expenditures for one purpose from those revenues, obligations, and expenditures for other purposes.

**Fund Balance** – The *annual* fund balance is the difference between expenditures and revenue in a given year and the *accumulated* fund balance is the sum of previous annual fund balances.

**GAAP** – The acronym for generally accepted accounting principles, the nationally recognized professional standards for financial reporting and accountability that the District follows.

**General Fund Deficit** – In the District, an amount representing unfunded expenditures and obligations accumulated primarily in years prior to Home Rule.

**General Obligation Bonds** – Bonds sold by a municipal government to private investors to provide long-term financing for capital project needs. Repayment of the principal and interest is made from General Fund revenue.

**Gross Budget**--A total budget amount that includes resources from all funding sources.

**Indirect Costs**--Administrative overhead costs incurred by the District in managing grant programs.

**Inflation**--An increase in general price of goods or services resulting in a decline in the purchasing power of currently available money.

**Interest Accrual**--The amount of interest owed on borrowings but not to be paid until a later date.

**Intra-District** -- An accounting mechanism used to track payments for services provided by one District agency to another District agency.

**Local Funds** – Includes tax and non-tax revenue that is not earmarked for a particular purpose and is allocated to fund District programs during the annual budget process.

**Match**--A locally provided cash or in-kind services contribution required to supplement or equal a grant or gift as a condition for receiving the funds.

**Nonpersonal Services (NPS)** – A budget category that includes budget objects for reporting other than personnel-related expenditures. Non-personal services includes supplies, utilities, communications and rent, other services and charges, subsidies and transfers, equipment and equipment rental, and debt service.

**Nonrecurring Expenditures**-- One-time expenditures for special items, such as a new fire truck or a computer system, that do not need to be budgeted for again in the year following their purchase.

**Object Class**--A budgetary classification that breaks down the general budget categories of personal services and nonpersonal services into more specific types of expenditure, such as Fringe Benefits (Object Class 14) or Supplies (Object Class 20).

**Obligations**--The amount of expenditure already made as well as the cost of commitments requiring future payments.

**Occupational Classification Codes (OCCs)** – Classification system used to identify employees by function. The eight major OCCs are based on the following job descriptions:

- *Officials and Administrators* - Employees make broad policies; exercise responsibility for the implementation of these policies; or, direct individual departments or special phases of an agency's operations; or, provide specialized consultation on a regional, district or area wide basis;

- Professionals - Employees must have specialized and theoretical knowledge usually acquired through college training, job experience, or other comparative training;
- Technicians - Employees must have a combination of basic scientific or technical knowledge and manual skills obtained through specialized post-secondary school education or equivalent on-the-job training;
- Protective Service Workers - Employees perform public safety, security, and "protection from destructive forces" duties;
- Paraprofessionals - Employees perform some professional or technician duties but only in a supportive role. Assignments usually require less formal training and/or experience than required of professional or technical employees;
- Office and Clerical - Employees must communicate within and outside their office setting, in addition to recording and retrieving information;
- Skilled Craft Workers - Employees perform work which requires special manual skills gained from on-the-job training, apprenticeship, or formal training programs; and
- Service and Maintenance - Employees perform duties related to the comfort, convenience, hygiene or safety of the public; or, maintain buildings, facilities or grounds of public property. Workers in this group may operate machines.

**Other Services and Charges** – The name of the object class primarily used to allocate funds for contractual services.

**Personal Services (PS)** – A budget category that includes budget objects for reporting personnel-related expenditures. Personal Services includes Regular Pay, Other Pay, Additional Gross Pay, and Fringe Benefits.

**Private/Other** – Funding from other sources including private grants and charges for services that are retained by the agency to cover the cost associated with the service provided.

**Real (Constant) Dollars** – The value of current-year dollars adjusted to account for inflation.

**Redirections** – The permanent shift of funds or positions within an agency.

**Regular Pay** – Salary and wages for all continuing full-time employees.

**Reprogramming** – A temporary budget change to reallocate funds within an agency's budget to meet a purpose other than that originally approved.

**Rescission** – A legislative cancellation of budget authority previously approved by the Council and the Congress.

**Responsibility Center** – A component of a control center, the lowest organizational level shown in the annual budget request.

**Revenue Bonds** – Bonds whose principal and interest are payable exclusively from the earnings of an enterprise fund.

**Revenue Category** – General types of revenue, such as taxes.

**Revenue Class** – Specific revenues, such as real property taxes.

**Structural Balance** – The degree to which revenues match expenditures over time.

**Subsidies and Transfers** – The name of the object class used to allocate funds for a variety of public welfare and support costs and to transfer funds to other organizations, such as the Washington Metropolitan Area Transit Authority, providing services to District residents.

**Supplies** – The names of the budgetary object class used to allocate funds for consumable materials.

**Total Full- Time Equivalent (FTE) Employment** – A measure of employment that reflects all full-time and part-time staff resources in terms of standard work hours, based on a work year of 2,080 hours.

**Transfers** – Budget changes reallocating funds or positions between agencies or funds.

**Unfunded Liabilities** – Potential or actual debts for which no current funding is available.

**WAE** – The abbreviation for when actually employed, referring to part-time staff paid on an hourly basis.

**Within-Grade (Step) Increase** – A salary increase awarded to an employee based on longevity of service and acceptable performance.

